

2013 Town Budget

Recommendations and Comments



Advisory Budget Committee

Thursday, January 17, 2013

January 17, 2013

To the Members of the Select Board, Town Administrator
Moultonborough Town Hall
Moultonborough, New Hampshire 03254

The ABC has completed its review of the 2013 proposed Town Budget. The Committee began its comprehensive review of the 2013 budgets constrained by the absence of both a full time at large member and an alternate member at large. The economy continued to be sluggish. The community demographics continue to provide challenges to the Town as student enrollment continues to experience significant decline (110 students in the past five years) and the elderly population rises.

The following report represents our independent opinions and suggestions. Any opinions and suggestions offered by the ABC represent our best efforts to maximize efficiencies, spending power and to consolidate redundancies between the various elements of Town-wide Administration (Town, Library, and School). Our suggestions and opinions should not be viewed as a negative reflection of the dedicated work done by the Select Board Members, Town Administrator and Town Administrative Staff.

Budget Summary:

The proposed Town Budget for 2013 (including capital, net of Highway Block Grant, \$140,000 and \$110,000 of reserve withdrawals and application of \$100,000 fund balance) represents \$9,489,314 as compared to \$9,432,406 for the prior year 2012. The committee commends the Board of Selectmen and Town Administrative staff for delivering a responsible year-over-year budget with a nominal increase of approximately \$57,000, (.6% increase). The ABC further notes that this is the *fifth* consecutive year that the Town budget has experienced a zero to nominal increase without compromise to long term investment plans in plant and equipment and ongoing maintenance programs. This proposed budget does include expense increases to cover step raises and salary adjustments for approximately half the staff (+\$30,000) or approximately 3% for employees receiving step raises and an across the board COLA of 2.0 % (+\$60,000), increased health insurance costs (+\$35,000), NH retirement costs of (+\$15,000) and capital outlays and contributions of 4.51% (+\$65,000). The increases were offset approximately by eliminating the position of Prosecutor at the Police Department (-\$75,000), continued transfer of recreation related expenses traditionally funded via "Tax Levy" to be paid from the Recreation Revolving Fund (-\$15,000) and reductions in operating budgets for Visiting Nurse (-\$32,000), Human Services (-\$17,500) and Elections (-\$15,000). All Departmental Budgets were scrutinized and within each, non-critical spending eliminated or deferred.

OBSERVATIONS & COMMENTS:

Although there were no new major initiatives this year for the Town, we continue to support and review opportunities to enhance services and consolidate operational efficiencies for the Town of Moultonborough as a whole. We are in strong support of the efforts made this year to implement a viable business model for the utilization of the recreation revolving fund. Although this year's efforts fell short of expectations, we look forward to continued progress in the upcoming year. We will work closely with Finance and the Recreation Director to closely monitor progress and suggest course changes as deemed necessary on a bimonthly basis.

The ABC provides additional observations and comments on the following issues:

- **Public Safety** – Chief Wetherbee continues to evaluate staffing levels within the department. Past staffing levels have included twelve officers. Currently, all twelve positions are budgeted for, although the department is currently staffed with eleven full time officers. In addition; the 2013 budget eliminates the position of Prosecutor at a cost savings of approximately \$75,000. The duties of this position are being absorbed within the existing police department by Sargent Fulton. We support the Chief's efforts to

further analyze future staffing levels and organizational structure for his department and make appropriate adjustments as warranted.

Of additional concern to the ABC is the ongoing cost of the current K 9 program versus benefits derived by the Town. Currently, the cost for this program includes \$25,000 annually for maintenance of the dog plus approximately 200 salary hours and related benefits for officer training. It is our belief that the current dog is within 24 months of “retirement”. The Committee has voiced its concern over the past few years to both the Select Board and Police Chief. The current Chief has indicated that it is his intent to provide the public with a detailed cost benefit analysis of the program prior to retirement of the current dog. We strongly support this analysis and believe any replacement should be brought before a vote at a future Town Meeting.

- **Visiting Nurse** – Of continued concern to the Committee is the long term viability of the business model in place to operate the current VNA program. This department is the only one of its kind in Carroll County and presently operates with a staff of two full-time nurses, three per diem nurses, and an Office Manager. The program currently runs in the “Red” approximately \$225,000 + - annually. The program experiences declining revenues as well as a declining case load. Advanced surgical techniques are sending patients home quicker and with fewer requirements for ongoing home care.

This is a service that the ABC strongly believes is vital to our community especially given the increase in our senior population. We propose to meet with the VNA Board to jointly explore options to promote and raise awareness for the available nursing services.

- **Tax Collector** – The Committee notes that that current RSA’s have been amended to allow Tax Collectors to email tax bills. The ABC would like to suggest that over the course of the next couple of years that Moultonborough explore the option of emailing tax bills versus the current program of outsourcing the production and mailing of current invoices to a third party.
- **Facilities Responsibility** - During the course of our 2013 budget review we became aware that there was general consensus among the members of the Town Administration that the town owned property on Route 109 known as the “Lions Club” is in need of a new roof in the near term. It was also apparent that no one department head had responsibility for oversight of this facility. The facility is currently leased to the Lions Club. A stipulation within the current lease states that the Club would perform routine maintenance on the building in return for “free Rent”. The Town Code Enforcement Officer did at one point in the year inspect the property and advise the Club of their responsibilities. We believe that any deficiencies identified by the Code Officer have either been rectified or are in process of being rectified. We recommend that all town owned facilities fall under the over site of one specific town department. We further suggest that the town develop a long range plan for future use of the Rout 109 property and incorporate all future capital needs of the facility into its capital reserve planning process.
- **Town Clerk Salary** -. The ABC reviewed the Town Clerk’s request to be placed on the Town Step and Grade pay system. The Town Clerk has requested a grade of 16 step 7. The Committee concurs that a grade 16 assignment is equitable as it is equivalent to the Tax Collector position and supported by the Thornton analysis performed two years earlier. The Committee would like to note that the Town Clerk has been reimbursed under the “Fee” based system for 17 + - years at her own request. The Committee further notes that under the RSA’s she has the right to petition the Town for a change to the Grade and Step Matrix. However, the committee notes that the change will produce approximately an \$11,000 annual increase in salary and benefits prior to current COLA adjustment. The Committee finds it difficult to support a one year increase of this magnitude in this economy. The Committee further believes that

the Town Clerk should be treated equitably with all other employees. Implementation, if granted, by the Select Board should be phased in over a two or three year period consistent with adjustments recently made to other employees as a result of the Thornton Study.

- **Outsourcing of Department of Public Works Services** – The ABC believes there is an opportunity for cost savings in outsourcing labor intensive DPW projects. We were encouraged to hear the DPW Director indicate in his budget presentation that one of his goals through attrition is to explore the outsourcing of select projects and the potential for renting large equipment not continually in day to day use. We encourage continued emphasis and analysis where ever feasible. Currently, private road snow plowing and select summer maintenance projects have been successfully outsourced. Outsourcing eliminates costly benefit programs that the town must incur with full time employees and at the same time offers work to our local resident contractors.
- **Payroll** - The ABC has consistently recommended (over the last four years) the Town look to outsource payroll. From the outset we understood that the cost savings would be negligible. We report that the Administration did review our request during the year and determined that the anticipated annual cost increase of approximately \$4,000 was not sufficient to merit the time savings and liability avoidance provided by outsourcing. While we respect the decision, we continue to believe that outsourcing the payroll and the related tax preparation process to a professional source would result in better use of town employee time and talent. We ask again that the Town revisit this request in conjunction with evaluating alternative financial software next year.
- **Merit Pay** – We report that the Town Administration and Board of Selectmen did review and discuss our previous request for “Pay for Performance” or “Merit Pay” during 2011. A Merit Pay plan was developed by the Town Administrator, presented and discussed by the Select Board. It was determined that implementation of such a plan would require significant changes in current policies and procedures. A decision was made to not pursue this issue at this time. We would like to request that the Select Board again entertain the concept of “Merit Pay”.

The committee continues to strongly encourage the Town to eliminate the current COLA mindset. In its place the wage and grade tables should be adjusted annually to reflect current changes in the Consumer Price Index. We believe that a performance rating of satisfactory is a minimum requirement for maintaining a job, not an entitlement to increased compensation. The committee firmly believes in pay-for-performance and offers to the Select Board the formation of an ABC subcommittee to work with representatives of the Board to find a way to implement such plan.

- **Consolidation of Shared Services** - During the past three years several town departments along with the school have taken steps to consolidate and coordinate various functions. Specifically, the Road Agent, the Department of Public Works, the Transfer Station, Library and the School have worked together to achieve more efficient use of personnel and equipment. The town is beginning to see savings related to cross training of personnel and more efficient use of equipment. The ABC recommends that continued efforts, both on a short and medium term basis, be made to find additional savings. The Committee believes that there are economies of scale that could be gained by consolidating efforts for grounds and building maintenance, janitorial services, bulk purchasing of common supplies and consolidated contracts for utilities and Insurance. Other longer term opportunities might include consolidation of Town and School District business offices and human resource offices. The Committee would like to see the three groups continue their efforts to consolidate and collaborate where feasible.

- **Regionalization of Shared Services** – The ABC is encouraged and strongly supports the recent effort to share the Town Code Enforcement Officer with Holderness. The Town has successfully regionalized its ambulance service over the past several years. More recently, the town has entered into a joint effort to eradicate Milfoil with Tuftonboro and Wolfeboro. The Committee believes that there are other opportunities that could jointly benefit both the Town of Moultonborough and its neighboring communities (economically and through expanded service offerings). Other disciplines that may lend themselves to regionalization might include Town Prosecutor, Visiting Nurse, Senior Services, Welfare, Legal Services, Assessing, Police Dispatch and Waste Disposal. We encourage the Town to explore such opportunities.

Additionally, the town should continue to explore opportunities to combine services with County Administration and Operations where feasible. Moultonborough funds approximately 25% of the total County budget and should look to receive commensurate services.

Conclusion:

As stated above, the budget for 2013 as presented by the Town represents a nominal increase of .6% over the 2012 budget. We believe the departmental operating budgets as presented represent a fair assessment of the cost to operate the Town under its current organization. We also strongly believe that there are many opportunities to enhance community services and the operational efficiency of the Town. Moultonborough as a town has much to offer. Our economically diverse population and high property tax base affords us a unique opportunity to provide for all our citizens a lifestyle and community services that most other communities of similar size in the State find cost prohibitive. We continue to believe that the Community will face ongoing challenges as school enrollments decline and the elderly population increases. It is our belief that the Town has opportunities to provide enhanced services at no added cost through improved cooperation between the elected bodies. Many of the opportunities have been discussed above and in our previous reports. The Committee strongly believes that these are town wide issues and the Community as a whole should come together and support the efforts currently underway. Our leaders should seek shared opportunities and interests that draw our school, retirement, business and summer lakefront communities together.

Respectfully submitted,

Jean Beadle, Chair – ABC

Moultonborough Budget Advisory Committee

Alan Ballard
Jean Beadle
Kathy Garry (School Board Representative)
Barbara Sheppard (Library Trustee Representative)
Betsey Patten (Select Board Representative)